

171 FERC ¶ 61,014
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and Bernard L. McNamee,
and James P. Danly.

Pacific Gas and Electric Company

Docket Nos. ER20-378-000
ER20-378-001

ORDER ACCEPTING SPECIFICATIONS FOR DISTRIBUTION SERVICE,
SUBJECT TO COMPLIANCE

(Issued April 7, 2020)

1. On November 14, 2019, as supplemented on February 7, 2020, Pacific Gas and Electric Company (PG&E) filed, pursuant to section 205 of the Federal Power Act,¹ three unexecuted Specifications for Distribution Service to revise Service Agreement No. 275 with the City and County of San Francisco (San Francisco, and together with PG&E, the Parties) under PG&E's Wholesale Distribution Tariff (WDT). The proposed Specifications for Distribution Service pertain to three existing metered points of delivery which the Parties are converting from PG&E retail service to WDT service. In this order, we accept the unexecuted Specifications for Distribution Service effective January 13, 2020, as requested, and direct PG&E to follow the processes outlined in Sections 13, 15, and 16 of the WDT and submit a compliance filing within 60 days of the date of this order or at the conclusion of its study process, as discussed below.

I. Background

2. PG&E's WDT, which became effective when the California Independent System Operator Corporation (CAISO) assumed operational control of PG&E's transmission facilities on April 1, 1998, contains the rates, terms, and conditions for wholesale distribution service over PG&E's distribution facilities. Specifically, the WDT acknowledges that certain customers receiving transmission service under PG&E's Transmission Owner Tariff may also require distribution service. According to Section 1.1 of the WDT, PG&E provides distribution service to loads "for the receipt

¹ 16 U.S.C. § 824d (2018).

of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.”² WDT Section 1.2 states that service is available to “wholesale entities taking transmission service through CAISO to (1) new distribution customers which request distribution service; and (2) existing distribution customers which request new distribution service or service to additional Point(s) of Receipt or Delivery.”³

3. San Francisco takes WDT service from PG&E to meet its obligations under the Raker Act, which authorizes San Francisco to develop a water and power supply system on federal lands in the Hetch Hetchy Valley in the Sierra Nevada Mountains.⁴ Section 9(l) of the Raker Act requires San Francisco to sell excess electricity from the Hetch Hetchy Project to the Modesto and Turlock Irrigation Districts and to municipalities within those districts for “municipal public purposes,” after which it may dispose of any excess electrical energy for commercial purposes.⁵

4. PG&E provides WDT service to San Francisco under the Parties’ WDT Service Agreement No. 275, which includes an Interconnection Agreement and Wholesale Distribution Service Agreement (together, WDT Agreements). PG&E states that the WDT Agreements provide for PG&E to make quarterly filings with the Commission in order to reduce the number of filings PG&E makes related to Service Agreement No. 275. PG&E’s quarterly filings reflect fully executed and agreed-upon new, modified, or cancelled points of delivery under the Service Agreement, and work performance agreements (WPAs) for existing points of delivery under the Interconnection Agreement for each quarter, with an effective date on the last day of the relevant quarter. The quarterly filing process does not provide for the filing of unexecuted service agreements, which must be filed separately.

II. PG&E’s Filing

5. PG&E explains that in March 2018, San Francisco submitted an application for interconnection of two separate physical points of delivery (Application), for which

² PG&E WDT, § 1.1. The WDT defines Points of Delivery as: “Point(s) on the Distribution Provider’s Distribution System where capacity and energy transmitted by the Distribution Provider will be made available to the Receiving Party under this Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Distribution Service.” PG&E WDT § 2.29.

³ *Id.* § 1.2.

⁴ Raker Act of 1913, Pub. L. No. 63-41, 38 Stat. 242.

⁵ *Id.*

PG&E states it initially provided San Francisco with one Specifications for Distribution Service document (Initial Specifications)⁶ that it later revised to provide as three separate Specifications for Distribution Service (Revised Specifications) and ultimately revised again prior to filing. In this filing, PG&E proposes to revise Service Agreement No. 275 to reflect the conversion of the three relevant points of delivery from PG&E retail service to WDT service and include the three filed Specifications for Distribution Service⁷ and associated exhibits in Appendices B.1 and C.⁸ The filed Specifications for Distribution Service provide for a total of 5.8 MW of reserved capacity at the three points of delivery. According to PG&E, prior to filing, San Francisco expressed concerns with the amount of reserved capacity for each point of delivery identified in the Specifications for Distribution Service, and the Parties were unable to reach an agreement on the issue.⁹ PG&E states that San Francisco thus requested that PG&E file the instant Specifications for Distribution Service unexecuted¹⁰ in a filing separate from the quarterly filing process.¹¹

6. PG&E explains that San Francisco disputes PG&E's method for calculating reserved capacity values and seeks a reserved capacity total of 10 MW for the three points of delivery reflected in the instant filing. PG&E states that 10 MW is higher than the combined historical peak load at the three points of delivery and that it therefore requires a load forecast to support the reserved capacity value.¹² PG&E further states that, to calculate reserved capacity, it used a variation of a compromise approach

⁶ PG&E Filing at 2.

⁷ The instant Specifications for Distribution Service, to which PG&E also refers as Distribution Service Agreements, provide for reserved capacities of 4,394 kW at Delivery Point No. 1247145907, 449 kW at Delivery Point No. 2400321927, and 972 kW at Delivery Point No. 3486745890.

⁸ PG&E Filing, at 2-3.

⁹ *Id.* PG&E states that it initially offered one Specifications for Distribution Service document in response to San Francisco's application, but later realized that the site contained three meters, and that each meter would require its own Specifications for Distribution Service document.

¹⁰ PG&E WDT § 13.3 provides that if the Parties cannot agree on all terms and conditions of a service agreement, the Distribution Customer must direct PG&E in writing to file the service agreement unexecuted.

¹¹ PG&E Filing at 1-2.

¹² *Id.* at 2.

recommended by the presiding judge in another proceeding between the Parties, which was pending before the Commission at the time of filing.¹³

7. According to PG&E, that compromise approach sets the reserved capacity values at the historical peak load over the five-year period preceding a project's start date.¹⁴ PG&E also states, however, that in other proceedings, the Parties have agreed to a modified approach that considers meter data recorded after a project's start date. For points of delivery similar to the three now in question, for which San Francisco requested a significantly higher-than-peak reserved capacity, the Parties agreed in previous circumstances to employ this modified approach that includes meter data recorded after a project's start date in determining the peak load.¹⁵ PG&E explains that in the instant filing, it used the modified approach and considered metered demand data after the points of delivery transferred to WDT service in addition to using historic demand data in the five years preceding the service transfer.¹⁶ PG&E notes that at the time of filing, this method of determining reserved capacity values had been jointly agreed to between the Parties in a separate filing now pending before the Commission.¹⁷

III. Notice of Filing and Responsive Pleadings

8. Notice of PG&E's filing was published in the *Federal Register*, 84 Fed. Reg. 64, 061 (Nov. 20, 2019), with interventions and comments due on or before December 5, 2019. San Francisco filed a timely motion to intervene and protest. On December 20, 2019, PG&E filed a motion for leave to answer and answer to

¹³ *Id.* at 3. The Commission has since issued an order on that Initial Decision, affirming it in part, and reversing it in part. *City and Cty. of San Francisco v. Pac. Gas & Elec. Co.*, 169 FERC ¶ 61,128 (2019). In that order, the Commission approved the recommendation made in the Initial Decision that the reserved capacity for existing WDT points of delivery, served pursuant to a 1987 bilateral Interconnection Agreement between the Parties, be set at the historical peak load over the five years preceding PG&E's subsequent compliance filing in that proceeding.

¹⁴ PG&E notes that the start date for the three delivery points in question is July 16, 2018.

¹⁵ PG&E Filing at 3.

¹⁶ *Id.* at 3.

¹⁷ *Id.* PG&E notes that the Parties have employed this modified method for calculating reserved capacity values agreed upon for approximately 200 points of delivery identified in a separate filing pending in Docket No. ER20-266-000.

San Francisco's protest. San Francisco submitted a motion for leave to reply and reply to PG&E's answer on January 6, 2020.

9. On January 10, 2020, Commission staff issued a letter notifying PG&E that the filing was deficient. On February 7, 2020 PG&E filed a response. Notice of PG&E's deficiency response was published in the *Federal Register*, 85 Fed. Reg. 8269 (Feb. 13, 2020), with comments due on or before February 28, 2020. San Francisco filed a timely protest.

IV. Discussion

A. Procedural Matters

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), San Francisco's timely and unopposed motion to intervene serves to make San Francisco a party to this proceeding.

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept PG&E's answer and San Francisco's reply because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

1. San Francisco's Protest

12. In its protest, San Francisco states that the three delivery points correspond to a San Francisco-owned site whose tenant is an industrial electricity customer (Industrial Customer). San Francisco explains that the Industrial Customer sought to convert from a PG&E retail customer to a San Francisco electric customer, and to that end, San Francisco submitted an application for WDT service to PG&E in March 2018. San Francisco requested reserved capacity of 10 MW based on the Industrial Customer's projected peak load of 8.8 MW over the next five years, which it rounded up to 10 MW for purposes of setting the reserved capacity for the location.¹⁸ San Francisco states that rounding up is necessary because the WDT requires a costly and time-consuming re-application and study process if San Francisco load at a delivery point exceeds its reserved capacity,¹⁹ and states that the 10 MW will account for potential changes in

¹⁸ San Francisco Protest at 7.

¹⁹ *Id.* (citing PG&E WDT, §§ 12.8 (c), 19).

operations and load growth.²⁰ San Francisco asserts that PG&E deemed the application complete in April 2018 and proffered the draft and final Initial Specifications that reflected the full 10 MW reserved capacity.²¹ San Francisco states that it approved the Initial Specifications via email and the Industrial Customer was transferred to San Francisco electric service in July 2018, and that WDT service at the site commenced at that time. San Francisco states that PG&E now refuses to offer service adequate to serve anticipated load and seeks to cap the level of service based on recent load at the site.²²

13. San Francisco states that PG&E did not include the Initial Specifications in its October 2018 quarterly filing of revisions to Service Agreement No. 275 and instead, in December 2018, offered three Revised Specifications reflecting reserved capacity values totaling 1.029 MW, asserting that these values were based on the Industrial Customer's historical peak demand. According to San Francisco, the Parties reached an impasse that led to PG&E ultimately offering a reserved capacity total of 5.8 MW in the filed Specifications for Distribution Service. San Francisco notes that the 5.8 MW reserved capacity is still too low, and that two of the points of delivery had already exceeded the reserved capacity values listed in the instant Specifications for Distribution Service prior to PG&E's filing in November 2019.²³

14. San Francisco asserts that neither the WDT, WDT Interconnection Agreement, nor the WDT Service Agreement provide authority for PG&E to unilaterally modify San Francisco's application for WDT service or refuse to process a properly submitted application. Thus, San Francisco requests that the Commission reject PG&E's modification of the 10 MW reserved capacity values. San Francisco argues that PG&E's modification of the reserved capacity values in the Specifications for Distribution Service violates the filed-rate doctrine because, in requiring a load forecast that justifies the increased reserved capacity, PG&E applied an unwritten policy without clear tariff language.²⁴

²⁰ *Id.* at 4.

²¹ *Id.*, Ex. SF-2.

²² *Id.* at 4-5.

²³ *Id.* at 5.

²⁴ *Id.* at 6-7 (citing Ex. SF-1, Attach. A, § 2).

15. In addition, San Francisco asserts that it provided a load forecast to justify the increased reserved capacity for the three points of delivery in its application for WDT service—namely, that its expected peak load was 8.8 MW over the next five years.²⁵ San Francisco further asserts that PG&E’s unilateral modification of its request for service and PG&E’s decision on how much WDT service it is willing to provide San Francisco is fundamentally inconsistent with the open access underpinnings of the WDT.²⁶

16. San Francisco states that PG&E supports its reduced reserved capacity values by citing the method for determining reserved capacity recommended by the judge in the Initial Decision in Docket No. EL15-3-000. San Francisco asserts that the method employed in that proceeding was intended to apply to existing points of delivery under an expiring agreement for which no reserved capacity values had previously been specified and where the parties reached a compromise methodology that used five years of historical peak load data to assign a reserved capacity to delivery points in the absence of more specific information. San Francisco states that this case is fundamentally different because it involves new WDT service.²⁷

17. San Francisco requests that the Commission direct PG&E to modify the reserved capacity under the three proposed Specifications for Distribution Service so that the total amount of reserved capacity for the site equals 10 MW and make clear that PG&E has an obligation to accept and timely process requests for WDT service.

2. PG&E’s Answer

18. PG&E acknowledges that it deemed San Francisco’s initial application complete without a full understanding of the site in question and only after San Francisco’s approval of the agreement did PG&E realize the existence of three points of delivery on site.²⁸ PG&E states that in the fall of 2018, after transferring the service, it advised San Francisco that the parties needed to execute and file three separate Specifications for Distribution Service. PG&E explains that each Specifications document requires a

²⁵ *Id.* at 7.

²⁶ *Id.* at 9.

²⁷ *Id.* at 10-11.

²⁸ PG&E Answer at 2.

separately stated reserved capacity for each delivery point and asserts that it attempted to engage San Francisco in determining the reserved capacity values.²⁹

19. Specifically, PG&E states it asked San Francisco to provide historical information in support of the load forecast at the site in a letter dated September 6, 2019, and claims that San Francisco did not provide any support for the total 10 MW reserved capacity to broadly cover the three converted delivery points.³⁰ PG&E states that it requires the breakdown in order to list the reserved capacity for each meter in each of the respective Specifications for Distribution Service document.³¹ PG&E states that lacking the data requested from San Francisco, it relied on peak historical demand at each of the three points of delivery as the basis for the proposed values.³² PG&E claims that at that point, San Francisco refused to execute the Agreements and requested PG&E file them unexecuted. PG&E further explains that in preparation for filing, it determined that more recent meter data available for the three delivery points was higher than the previously determined five-year historical peak. Thus PG&E determined that the data supported 5.8 MW of reserved capacity for the three delivery points, i.e., 4,394 kW, 449 kW and 972 kW, and reflected those values in each of the three Agreements to match the more recent peak.³³

20. PG&E states that it is not imposing a “cap” on WDT service at the site. Instead, PG&E argues, the reserved capacity it has reflected in the each of the three filed Specifications for Distribution Service is appropriate in light of San Francisco’s failure to provide a breakdown, by delivery point, and the load forecast. PG&E argues that it should not be directed to provide a reserved capacity of 10 MW unless and until San Francisco provides information to justify that reserved capacity total value.³⁴

21. PG&E further disagrees with San Francisco’s contention that PG&E unilaterally modified the requested service without authority. PG&E states that under the WDT Section 2.34, the reserved capacity is defined as the “maximum amount of capacity and

²⁹ *Id.* at 3.

³⁰ *Id.*; Attach. 2. PG&E notes that each Specification of Distribution Service must reflect the amount of Reserve Capacity associated with each delivery point it represents.

³¹ *Id.* at 3.

³² *Id.* The historical data supported Reserved Capacity amounts of 197 kW, 90 kW and 742 kW, respectively, for the three points of delivery.

³³ *Id.* at 4.

³⁴ *Id.* at 5-6.

energy that the Distribution Provider *agrees to transmit . . .*” and thus the WDT contemplates that the application review process includes PG&E’s determination and quantification of the capacity and energy PG&E agrees to transmit.³⁵ PG&E states that “in practice, this determination is based on the customer’s request the quantification of the expected maximum demand of the connected load . . . and the required capacity of PG&E’s distribution facilities to serve load.”³⁶ PG&E argues that in the absence of information requested, it made an informed, reasonable estimate of the appropriate amount of Reserved Capacity appropriate for the three instant unexecuted Specifications for Distribution Service.

22. In addition, PG&E states that the proposed reserved capacity values are an initial allocation for the three points of delivery based on a planning horizon of two to three years and are not intended to reserve future capacity.³⁷ PG&E argues that the purpose of identifying a reserved capacity is to prevent one customer from reserving capacity it does not need, potentially making capacity unavailable to other customers or requiring other customers to pay for distribution system upgrades. PG&E explains that it determines based on the requested reserved capacity whether upgrades will be required to serve the load.³⁸ PG&E states that it must understand why San Francisco believes the 10 MW reserved capacity is appropriate before PG&E can agree to it. PG&E states that San Francisco’s requested reserved capacity was not supported by data, rather that San Francisco simply asserted that its expected peak load was 8.8 MW over the next five years, without providing studies or forecast data.³⁹

23. PG&E also argues, with respect to San Francisco seeking a 10 MW reserved capacity for an estimated 8.8 MW load, that the WDT does not provide for a margin or “rounding up,” such as the additional 1.2 MW, for potential load growth. PG&E states that the additional capacity should be kept available to serve other customers without forcing PG&E to overbuild its distribution system as would be the case if customers could “round up.”⁴⁰

³⁵ *Id.* at 6 (emphasis in original).

³⁶ *Id.* at 6-7.

³⁷ *Id.* at 7, 9.

³⁸ *Id.* at 7-8.

³⁹ *Id.* at 9.

⁴⁰ *Id.* at 10-11.

24. Finally, PG&E argues that although demand at the these delivery points increased between December 2018 and PG&E's November 2019 filing, that increase does not demonstrate that the reserved capacity should be 10 MW.⁴¹

3. San Francisco's Reply

25. In its reply to PG&E's Answer, San Francisco argues that PG&E does not provide sufficient support for reducing the reserved capacity in the Specifications for Distribution Service. San Francisco rejects PG&E's explanation that it approved the July 2018 Agreement without a complete understanding of the site, asserting that as owner and operator of the distribution system, and previous service provider at the site, PG&E should have been aware of the number and nature of delivery points at the site.⁴² San Francisco states that it does not dispute PG&E's decision to serve the site through three Specifications for Distribution Service, but the ministerial change of serving the site through three agreements does not allow PG&E to revisit the underlying terms of service which it had previously offered and had been agreed to by San Francisco. San Francisco believes that this dispute can be resolved by the "fundamental concepts of contract law," citing Order No. 890-B.⁴³

26. San Francisco also disputes PG&E's interpretation of the phrase *agrees to transmit* in the definition of reserved capacity,⁴⁴ citing *Houston Lighting & Power Co.*,⁴⁵ in which the Commission found that the phrase does not confer on a service provider the right to refuse to agree to provide service on a non-discriminatory basis.⁴⁶ San Francisco argues that PG&E's interpretation of this tariff language runs afoul of the Commission's open access policies. Finally, San Francisco asserts that PG&E's proposal to cap reserved capacity at near-term load would require WDT customers to reapply for service whenever the load at a delivery point grows, even if load growth is anticipated at the time

⁴¹ *Id.* at 9.

⁴² San Francisco Reply at 3-4.

⁴³ *Id.* at 5; see *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁴⁴ See PG&E WDT § 2.34.

⁴⁵ *Houston Lighting & Power Co.*, 83 FERC ¶ 61,181, at 61,746 (1998).

⁴⁶ San Francisco Reply at 6.

of application, which San Francisco argues is a discriminatory practice that allows PG&E to reserve capacity for its own customers.⁴⁷

4. Deficiency Letter and Response

27. Commission staff issued a deficiency letter, seeking additional information from PG&E regarding the procedures outlined in its WDT for determining reserved capacity and PG&E's response to San Francisco's Application for WDT service for the three points of delivery at issue. PG&E filed its response to the deficiency letter, asserting that it adhered to its tariff in revising the Specifications for Distribution Service and in determining the reserved capacity.

28. PG&E describes its application review process and procedures for determining reserved capacity amounts. According to PG&E, WDT Section 15.2 outlines the information required in an application for WDT service, including "all applicable information required to evaluate a request for Distribution Service," and, as it relates to load forecasts, "[a]n estimate of the capacity and energy expected to be delivered including all Distribution Customer load characteristic data appearing in the Specifications for Distribution Service Agreement in the pro forma Service Agreement" and the "distribution capacity requested for each Point of Receipt and each Point of Delivery on the Distribution Provider's Distribution System."⁴⁸ PG&E further states that the application itself asks the applicant for expected peak load and yearly values for five years if load is expected to grow over time. PG&E also points to WDT Section 15.4, which governs the application review procedures; Sections 15.5, 13.2, and Attachment B, which all pertain to the determination of reserved capacity; Section 9 of the WDT Interconnection Agreement, which describes PG&E's annual distribution planning process; and WDT Section 16, which governs the additional study procedures if PG&E

⁴⁷ *Id.* at 7-8 (citing *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996) (cross-referenced at 75 FERC ¶ 61,080), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (cross-referenced at 78 FERC ¶ 61,220), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002)).

⁴⁸ PG&E WDT, §§ 15.2(vi), (viii).

determines that a system impact study is required to determine whether existing distribution facilities are sufficient to meet the requested reserved capacity.⁴⁹

29. PG&E states that since San Francisco's application was to convert a PG&E retail customer to wholesale service under the WDT, PG&E believed a review of the available distribution capability was not necessary under WDT Section 15.5. In PG&E's initial review, it thus did not appreciate that San Francisco requested changes at the site. PG&E further states that in San Francisco's application for WDT service, San Francisco only reflected a single peak load value rather than five yearly values to reflect the increase in load, as required in the application. PG&E explains that, as a result, it deemed the application complete, pursuant to WDT Section 15.5, because it did not recognize that the estimated peak load submitted by San Francisco was different than the Industrial Customer's load as a PG&E retail customer and assumed the load would be unchanged.⁵⁰ PG&E claims that it would have considered the need to perform a system impact study had the initial application been correct, but that it did not consider conducting a system impact study during its second review of the Application. PG&E alleges that San Francisco refused to provide the additional load forecast information sought in its second review of the Application and states that if San Francisco has historical load data to support its request, PG&E will accept it and revise the reserved capacity. PG&E suggests that its second revision of the reserved capacity at the site, based on San Francisco's actual demand under WDT service, demonstrates its willingness to compromise.⁵¹

30. PG&E explains that its WDT provisions for system impact study procedures⁵² contemplate a scenario wherein PG&E can only accommodate part of a customer's requested reserved capacity, and notes that it must offer to upgrade its distribution facilities to serve the customer's request. However, according to PG&E, it is imprudent to grant reserved capacity that the customer will not foreseeably use, allowing the customer to "lock up" system capacity, preventing use by other customers or passing off the cost of upgrades.⁵³ PG&E argues that this potential for customers to inappropriately lock up distribution capacity makes it the party best suited to determine the level of service to provide the customer, based on its understanding of the reasonableness of a

⁴⁹ PG&E Deficiency Response at 3-4.

⁵⁰ *Id.* at 4.

⁵¹ *Id.* at 5.

⁵² PG&E WDT, § 16.3 (distribution provider determines whether the existing distribution facilities will be "adequate to accommodate all or part of a request for service . . .").

⁵³ PG&E Deficiency Response at 6-7.

customer's request.⁵⁴ PG&E argues that the WDT grants it unilateral authority to draft service agreements, and that while customers may engage in negotiations to make changes to service agreements, PG&E ultimately determines the appropriate reserved capacity.⁵⁵

31. In its deficiency letter response, PG&E includes a letter to San Francisco dated November 20, 2018, wherein PG&E explains its determination of reserved capacity, explaining that its determination and quantification of the capacity that it agrees to transmit is based upon the expected maximum demand and the required capacity of PG&E's distribution system to serve the load. PG&E outlines that reserved capacity is intended to ensure distribution capacity for existing, not *anticipated*, loads, and that PG&E either reserves, or builds and then reserves, sufficient capacity for current or near-term load. PG&E claims that the WDT does not offer a mechanism to reserve future distribution capacity, explains that it will target reserved capacity based on the second year of the five-year load forecast, and states that out-years are considered speculative. Finally, PG&E provides an example wherein if the customer will exceed the second-year load of its five-year forecast, the customer may re-apply for a larger reserved capacity at which time PG&E will assess, and if necessary, add distribution capacity to serve any additional incremental load above the allocated reserved capacity.⁵⁶

5. San Francisco's Reply

32. In response to PG&E's deficiency response, San Francisco alleges that PG&E avoids the central issue of providing the service to which it has already agreed, and misrepresents factual components of the dispute. According to San Francisco, PG&E followed its WDT when originally agreeing to provide WDT service at 10 MW of reserved capacity, and now seeks to change the terms of service it agreed to. San Francisco argues that PG&E has never stated that its distribution system lacks the capacity to serve San Francisco's requested reserved capacity.⁵⁷ San Francisco states that PG&E did not attempt to seek additional information prior to sending the Revised Specifications in December 2018. As a related matter, San Francisco reasserts that it did not agree to the reduced reserved capacity at any point.

⁵⁴ *Id.* at 6-7.

⁵⁵ *Id.* (citing PG&E WDT, § 2.34).

⁵⁶ PG&E Deficiency Response, Attach. 1.

⁵⁷ San Francisco Deficiency Response Reply at 1.

33. San Francisco interprets PG&E's Response as PG&E having decided that no system impact study was required.⁵⁸ With respect to the arrangement of service, San Francisco argues that because the application is not on file with the Commission, WDT Sections 15.2(vi) and (viii) dictate what information it must submit for a complete application.⁵⁹ San Francisco disagrees with PG&E's interpretation of Section 9 of the WDT Interconnection Agreement, arguing that the term "original forecast" does not necessitate information in excess of that required by WDT Section 15.2.⁶⁰ San Francisco disputes that PG&E was not alerted to the increase in load by San Francisco's Application, given that PG&E had been providing retail service to the site for a number of years, had access to all historic load data at the site, and thus should have been capable of carefully considering the application.⁶¹ San Francisco also argues that PG&E's described method of implementing the WDT, by granting a reserved capacity that reflects "near term" load, requires a costly and time-consuming reapplication process for customers, even if the customer anticipates and requests its full load. Finally, San Francisco protests PG&E's allegation that San Francisco is attempting to lock up unused capacity.⁶²

C. Commission Determination

34. We accept for filing, effective January 13, 2020, the three unexecuted Specifications for Distribution Service, which provide for 5.8 MW total reserved capacity, subject to a further compliance filing. In light of PG&E's admission that it did not recognize at first that a system impact study might be required, we direct PG&E to "make a determination of available distribution capacity as required in [WDT] Section 13.2"⁶³ and, depending on the results of that assessment, either (1) submit a compliance filing within 60 days revising the Specifications for Distribution Service accordingly, to reflect San Francisco's requested 10 MW total reserved capacity, in the event that a system impact study is not needed, or (2) conduct a system impact study pursuant to WDT Sections 13.2 and 16 to determine whether system upgrades would be

⁵⁸ *Id.* at 2.

⁵⁹ Specifically, WDT Section 15.2(vi) requires "an estimate of the capacity and energy expected to be delivered" and WDT Section 15.2(viii) requires "the distribution capacity requested."

⁶⁰ San Francisco Deficiency Response Reply at 3-4.

⁶¹ *Id.* at 4-5.

⁶² *Id.* at 7-8.

⁶³ PG&E WDT, § 15.5.

necessary to accommodate San Francisco's requested 10 MW reserved capacity, and submit a compliance filing revising the Specifications for Distribution Service at the conclusion of PG&E's study process.

35. Section 15.5 of PG&E's WDT provides for two options in response to an applicant's completed application and request for reserved capacity: either PG&E shall notify the applicant "if it will be able to provide service without performing a System Impact Study[,]" or PG&E will notify the applicant "if such a study is needed to evaluate the impact of the" application.⁶⁴ In the case that sufficient distribution capacity is available to serve the requested load, PG&E should grant the requested reserved capacity.⁶⁵ Alternatively, "[i]n the event sufficient distribution capability may not exist to accommodate a service request, the Distribution Provider will respond by performing a System Impact Study."⁶⁶ PG&E may initiate a study to determine what upgrades would be needed to safely and reliably serve the load, which the customer may either choose to pay for⁶⁷ or choose to withdraw its application and re-apply with a reduced reserved capacity request.⁶⁸ PG&E asserts that it must be able to exercise certain discretion in setting the reserved capacity in order to safely and reliably operate its distribution system. However, we find that the WDT provisions that allow PG&E to determine the available distribution capability and, if necessary, conduct a system impact study and subsequent facilities study, are the appropriate tools to exercise that discretion. We further find that PG&E's WDT does not permit it to refuse to grant a customer's requested reserved capacity when available distribution capacity exists to meet the request.

⁶⁴ *Id.*

⁶⁵ *Id.* § 15.6 ("Whenever the Distribution Provider determines that a System Impact Study is not required and that the service *can be provided*, it shall send the Eligible Customer a draft Service Agreement..." (emphasis added)); *see also id.* § 15.5 (describing PG&E's response to a completed application as either providing the requested service or performing a system impact study).

⁶⁶ *Id.* § 13.2.

⁶⁷ *Id.* § 13.4.

⁶⁸ *Id.* §§ 15.3, 15.4, 15.6, 16.1 (describing that if the Distribution Customer withdraws its application or elects not to execute a system impact study agreement, thus withdrawing its application, the Distribution Provider will refund the service initiation fee. In the instance of a withdrawn application, the Distribution Customer may revise its application and reapply for service.).

36. In support of its decision to reduce the total reserved capacity in the Revised Specifications and the filed Specifications for Distribution Service for the three points of delivery, PG&E explains that its intent was to ensure that distribution capacity is available to other customers, and to prevent one customer from “locking up” distribution capacity. However, PG&E has not provided evidence in the record that San Francisco seeks to inappropriately hoard unused distribution capacity. Additionally, we note that Section 15.6 of the WDT does not provide for PG&E’s calculation of a new reserved capacity in arranging the draft service agreement.⁶⁹ Rather, to the extent that PG&E determines that a study is not required, the WDT states that PG&E will provide the customer a draft service agreement.

37. With respect to the Parties’ dispute over whether San Francisco should have provided a load forecast in support of its request, PG&E cites Sections 9.1 and 9.2 of the WDT Interconnection Agreement with San Francisco (requiring submission of an annual five-year forecast of monthly peak demand for each point of interconnection and referencing load forecasts)⁷⁰ in support of its argument that the WDT application process requires load forecasts. We agree that PG&E is within its authority to request more granular detail in the application, including the five-year load forecast data, as part of the data requirements outlined in WDT Section 15.2. PG&E’s methodology for determining available distribution capacity references “equipment forecasted loads, including the distribution customer’s request,” and depends upon accurate load forecasts in order to analyze the available capacity.⁷¹ We therefore expect San Francisco to provide the five-year estimated peak load data for the Industrial Customer’s site in order to timely assist PG&E in complying with this order.

⁶⁹ *Id.* § 15.6 (“Whenever the Distribution Provider determines that a System Impact Study is not required and that the service can be provided, it shall send the Eligible Customer a draft Service Agreement as soon as practicable but no later than 90 calendar days after the Customer is notified that the Application is complete. Where a System Impact Study, or a System Impact Study and a Facilities Study, is required, the provisions of Section 16 will govern the execution of a Service Agreement.”).

⁷⁰ See PG&E WDT, Service Agreement No. 275, Interconnection Agreement, § 9.2 (“If, as a result of its annual planning review process, PG&E determines CCSF’s load has consistently and materially *exceeded the original forecast provided in CCSF’s WDT service application* and used by PG&E in establishing a Reserved Capacity, and there is a reasonable need for changes in Direct Assignment Facilities or Upgrades used to interconnect CCSF to PG&E’s System, CCSF shall, at PG&E’s request, initiate a new study request under the WDT to provide for such changes.”) (emphasis added)).

⁷¹ PG&E WDT, Attach. B, § 6.0.

38. While we agree with PG&E that San Francisco should provide this information, the record here indicates that PG&E may not have in fact sought this information until late in the process. While PG&E asserts that it attempted on numerous occasions to engage with San Francisco to seek additional load data at the site, we can find no evidence in the record of communications submitted by both Parties that PG&E asked San Francisco for its five-year load forecast. In its letter dated November 20, 2018,⁷² PG&E explained its process for determining reserved capacity, but did not ask San Francisco to provide further data until its September 2019 letter, in which PG&E invited San Francisco to submit “historical information that supports its forecast.” We expect that PG&E will seek needed information from WDT customers when it is first processing applications for WDT service.

39. As stated above, we accept the Specifications for Distribution Service, which provide for 5.8 MW of reserved capacity. However, we direct PG&E to adhere to the terms of its tariff to make a determination of available distribution capacity as required in WDT Section 13.2 and, depending on the results of that assessment, either (1) submit a compliance filing within 60 days revising the Specifications for Distribution Service accordingly, to reflect San Francisco’s requested 10 MW total reserved capacity, in the event that a system impact study is not needed, or (2) conduct a system impact study pursuant to WDT Sections 13.2 and 16 to determine whether system upgrades would be necessary to accommodate San Francisco’s requested 10 MW reserved capacity, and submit a compliance filing revising the Specifications for Distribution Service at the conclusion of PG&E’s study process. Accordingly, within 60 days of the date of this order, PG&E must submit a compliance filing revising the Specifications for Distribution Service to provide the 10 MW of reserved capacity requested by San Francisco or begin undertaking a system impact study.

The Commission orders:

The Specifications for Distribution Service are hereby accepted, subject to a further compliance filing, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁷² PG&E Deficiency Response, Attach. 1.